



INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA – UAW



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IN REPLY REFER TO

November 16, 2011

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The Honorable Sherrod Brown
United States Senate
Washington, DC 20510

The Honorable Barbara Mikulski
United States Senate
Washington, DC 20510

Dear Senators Brown and Mikulski:

The UAW strongly supports the legislation that you will be introducing this week that will establish a Consumer Price Index for Elderly Consumers to calculate the annual cost of living allowance (COLA) for Social Security benefits. In our view, this legislation is necessary to ensure that Social Security benefits keep pace with the rising costs that are inherent with Social Security beneficiaries.

Social Security is an earned benefit that keeps America's seniors out of poverty. One of Social Security's distinct features is that the benefits are automatically adjusted to maintain their value over time. The UAW recognizes that the current formula is flawed and does not adequately reflect the rising costs that retirees face. The current inflation measure is based on the needs and spending patterns of the general population rather than those of the elderly, who generally have higher out-of-pocket health and medical costs. In our view, your legislation, which requires a more adequate reflection of seniors' spending patterns, is a sensible solution and would be welcomed by millions of seniors who rely on Social Security for their everyday needs.

Finally, the UAW is very concerned about use the "chained CPI" to calculate Social Security COLA that we understand is being contemplated by members of the Joint Select Committee on Deficit Reduction. Economists agree that a chained CPI would show lower cost growth than the one we currently have and would reduce the value of Social Security benefits over time. Despite the political climate we find ourselves in, it is critical that we protect America's Social Security recipients by ensuring that they have sufficient income so that they are not forced to choose between necessities such as food or medications.

For all the foregoing reasons, the UAW endorses your CPI-E legislation, and we applaud your leadership in introducing it.

Sincerely,

Barbara Somson
Legislative Director

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cc: Ken Lortz